

Message Text

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44

ACTION TRSE-00

INFO OCT-01 NEA-10 ISO-00 EB-07 SP-02 AID-05 NSC-05

CIEP-01 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 INR-07

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P 261421Z FEB 76

FM AMEMBASSY TEL AVIV

TO SECSTATE WASHDC PRIORITY 370

LIMITED OFFICIAL USE TEL AVIV 1424

E.O. 11652: N/A

TAGS: EGEN, IS

SUBJECT: ADVISER TO MINISTER OF FINANCE RESIGNS

PLEASE PASS TREASURY FOR TRANSMISSION TO SECRETARY'S PARTY

REF: TEL AVIV 1284

1. PROFESSOR MICHAEL BRUNO, ECONOMIC ADVISER TO FINANCE MINISTER, HAS SUBMITTED HIS RESIGNATION OVER ECONOMIC POLICY DIFFERENCES. RABINOWITZ IS REPORTEDLY ATTEMPTING TO PERSUADE HIM TO STAY. IMMEDIATE CAUSE OF BRUNO'S RESIGNATION IS HIS BELIEF THAT GOI HAS RETREATED FROM BALANCED BUDGET POLICY. PRESS CITES TREASURY COLLEAGUE AS SAYING THAT MAIN ISSUE FOR BRUNO IS THAT "HE WANTS GREATER RESTRAINT IN BOTH MILITARY AND CIVILIAN AREAS". BRUNO ALSO REPORTEDLY UNHAPPY WITH HIS INCREASINGLY PERSONAL IDENTIFICATION WITH "GOVERNMENT LINE"; AS FORMER ACADEMICIAN AT HEBREW UNIVERSITY HE HAS CHAFED UNDER RESTRAINTS ON HIS FREEDOM TO SPEAK OUT ON ECONOMIC ISSUES. IN DISPUTE OVER DEGREE OF DEFICIT FINANCING TO BE INCLUDED IN NEXT YEAR'S BUDGET, BRUNO SIDED WITH BANK OF ISRAEL IN URGING MORE AUSTERITY.

2. BRUNO WAS BROUGHT IN LAST AUGUST BY RABINOWITZ TO
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GENERATE NEW IDEAS IN ECONOMIC POLICY FIELD. HE WAS

MEMBER OF BEN SHAHAR COMMITTEE ON TAX REFORM AND IS WIDELY
RESPECTED AS AN ECONOMIST. HIS RESIGNATION, FOLLOWING
THAT OF INCOME TAX COMMISSIONER MANN (REFTEL), REPRESENTS
FURTHER EROSION IN GOI'S CREDIBILITY IN ECONOMIC SPHERE.
TOON

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Message Attributes

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TAGS: EGEN, ECON, PINT, IS, (BRUNO, MICHAEL)
To: STATE
Type: TE
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